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SUNCITY GROUP HOLDINGS LIMITED

太陽城集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

**ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE
TAKEOVERS CODE AND THE INSIDE INFORMATION PROVISIONS
UNDER PART XIVA OF THE SECURITIES AND
FUTURES ORDINANCE AND RESUMPTION OF TRADING**

This announcement is made by Suncity Group Holding Limited (the “**Company**”) pursuant to Rule 3.7 of the Codes on Takeovers and Mergers and Share Buy-Backs (the “**Takeovers Code**”) and the Inside Information Provisions (as defined under the HK Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 10 December 2021, 16 December 2021, 13 May 2022 and 29 June 2022 (the “**Previous Announcements**”). Unless otherwise defined in this announcement, capitalised terms defined or adopted in the Previous Announcements have the same meaning when used in this announcement.

BACKGROUND

On 8 December 2021, the Company was informed by the Borrower that it was served with the Demand Letter by the legal advisers of the Lenders and Wooco, as agent and security agent of the Lenders, to demand repayment of the Loan in the principal sum of HK\$300,000,000 granted by the Lenders to the Borrower under the Facility Agreement dated 30 July 2021, as an event of default under the Facility Agreement had occurred.

On 16 December 2021, the Company was informed by the Borrower that it was served with the Notification Letter to inform (a) it has failed to repay the indebtedness as demanded under the Demand Letter; and (b) the Lenders have no alternative but to exercise their enforcement rights on the securities charged (the “**Securities**”) under the security documents including, without limitation, selling, realising, transferring or otherwise disposing of all or any part of them without further notice.

Following the Notification Letter, the Lenders commissioned a tender process to seek interested buyers for the Securities (the “**Tender Process**”).

Deed of Assignment

On 13 May 2022, Champion Trade Group Limited (the “**New Lender**”) entered into a deed of assignment (the “**Deed of Assignment**”) with the Lenders and Wooco, whereby the Lenders assigned the Loan together with all of their rights under the Facility Agreement (including the charged Securities) to the New Lender. The New Lender is a company wholly owned by Mr. Lo Kai Bong (“**Mr. Lo**”), an executive director of the Company.

Sale and Purchase Agreements

Mr. Lo participated as a bidder in the Tender Process. On 13 May 2022, Mr. Lo was awarded the successful contender of the Tender Process. As such, Mr. Lo, being the ultimate beneficial owner of Major Success Group Limited (the “**Offeror**”), procured the Offeror to enter into the sale and purchase agreements with the New Lender on 13 May 2022 to acquire the Securities (the “**Sale and Purchase Agreement**”).

Completion of the Sale and Purchase Agreements (the “**Completion**”) took place on the even date.

UNCONDITIONAL MANDATORY CASH OFFERS OF SUNCITY

After Completion, the Offeror and parties acting in concert with it are interested in 4,999,853,335 shares of the Company (the “**Shares**”) (including (i) 4,991,643,335 Shares owned by the Offeror; (ii) 7,000,000 Shares owned by Mr. Lo through himself and his wholly-owned entities, and (iii) 400,000 Shares owned by Mr. Au Chung On John and 810,000 Shares owned by Mr. Manuel Assis Da Silva, all being directors of the Company, who are regarded as parties acting in concert of the Offeror under the Takeovers Code), representing approximately 74.98% of the issued share capital of the Company.

Accordingly, the Offeror is required to make an offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and/or parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code and an offer to cancel all the outstanding options (other than those already owned by the Offeror and/or parties acting in concert with it) pursuant to Rule 13 of the Takeovers Code (the “**Offers**”).

The Executive has indicated that it will refer the issue of what constitute the appropriate offer price under the Offers to the Takeovers and Mergers Panel for its determination under section 10.1 of the Introduction to the Takeovers Code, as the Executive considered that there is a particularly novel, important or difficult point at issue.

The offer price under the Offers to be made is subject to the outcome of the Takeovers and Mergers Panel meeting.

MONTHLY UPDATES

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Offers will be made by the Company until an announcement of the Offers under Rule 3.5 of the Takeovers Code. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Takeovers Code (as the case may be).

DISCLOSURE OF DEALINGS

In compliance with Rule 3.8 of the Takeovers Code, as at the date of this announcement, the relevant securities of the Company in issue comprised (i) 6,667,972,746 Shares; (ii) 206,500,187 outstanding share options to subscribe up to 206,500,187 Shares; (iii) convertible bonds in the principal amount of HK\$402,000,000 at an initial conversion price of HK\$0.26 due in December 2022; (iv) convertible bonds in the principal amount of HK\$177,000,000 at an initial conversion price of HK\$0.90 due in August 2022; and (v) convertible bonds in the principal amount of HK\$120,000,000 at an initial conversion price of HK\$0.90 due in August 2022. Saved as disclosed above, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

Associates of the Company and the Offeror (as defined under the Takeovers Code and including, among others, persons who own or control 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code)) are hereby reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

At the request of the Company, trading in Shares had been halted on the Stock Exchange with effect from 9:00 a.m. on Friday, 13 May 2022 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on Thursday, 7 July 2022.

WARNING

The prices of the Offers are subject to the determination by the Takeovers and Merger Panel. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

By order of the Board
Suncity Group Holdings Limited
Chiu King Yan
Company Secretary

Hong Kong, 6 July 2022

As at the date of this announcement, the executive Directors are Mr. Lo Kai Bong, Mr. Au Chung On John and Mr. Manuel Assis Da Silva; and the independent non-executive Directors are Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.